

# M e m o r a n d u m

To: Panel Members Date: January 26, 2006

From: Dolores Kendrick, Manager Analyst: E. Wadzinski

Subject: One-Step Agreement for **IRWIN INDUSTRIES, INC.**

## **CONTRACTOR:**

- Training Project Profile: Retraining: Companies W/Out-Of-State Competition  
SET - Workers Earning At Least State Avg Hrly Wage  
SET - Workers In High Unemployment Areas  
Moving To A High Performance Workplace
- Legislative Priorities:
- Type of Industry: Construction
- Repeat Contractor: No
- Contractor's Full-Time Employees
  - Worldwide: 1,250
  - In California: 574
- ETP Trainees Represented by Union: Yes
- Name and Local Number of Union Representing ETP Trainees: International Union of Public and Industrial Workers

## **CONTRACT:**

- Program Costs: \$742,446
- Substantial Contribution: \$0
- Total ETP Funding: \$742,446
- Total In-kind Contribution: \$809,121
  - Trainee Wages Paid During Training: \$809,121
  - Other Contributions: \$0
- Reimbursement Method: Fixed-Fee
- County(ies) Served: Los Angeles, San Bernardino, Ventura, Santa Barbara

## **INTRODUCTION:**

Irwin Industries, Inc. (Irwin), is a construction and maintenance company that contracts with refineries and power plants in the areas of oil and gas, petrochemical, pipeline and products distribution, mining and pharmaceuticals. Irwin's services include: Engineering and Design Services, Capital Project Construction, Plant Modifications, Contract Maintenance, Power Plant Construction and Maintenance, Instrumentation & Electrical, and Fabrication. The company provides turnkey capabilities for its growing list of industrial customers.

Irwin's headquarters facility in Long Beach is eligible under Title 22 California Code of Regulations Section 4416 (e)(2)(a) because at least 25 percent of the gross annual revenue is derived directly from out-of-state operations. Irwin's construction facilities in Colton, Torrance, El Segundo, Goleta, Wilmington, Carson and Fontana, qualify for ETP funding as Special Employment Training (SET) under Title 22 California Code of Regulations, Section 4409(a) for frontline workers who earn at least the state average hourly wage. In addition, the construction facilities in Paramount and Ventura qualify for High Unemployment Area wage waivers under Section 4409(b) and Section 4429.

## **MEETING ETP GOALS AND OBJECTIVES:**

Irwin proposes training that will further the following ETP goals and objectives:

- 1) Foster the retention of manufacturing jobs within California.
- 2) Foster growth and job retention in industries that do not have out-of-state competition and industries in high areas of unemployment.
- 3) Foster job retention of high-wage, highly-skilled frontline workers.
- 4) Enhance job skills of frontline workers working in a high performance workplace.

**TRAINING PLAN TABLE:**

Grp/Trainee Type	Types Of Training	No. Retain	No. Class/Lab Videocnf. Hrs.	No. CBT Hrs.	Cost Per Trainee	Hourly Wage After 90 Days
Retrainee Job Number 1	MENU: Business Skills Commercial Skills Computer Skills Continuous Improvement Literacy Skills	178	24-200	0	\$1,368	*\$13.51 - \$59.00
SET HUA Job Number 2	MENU: Business Skills Commercial Skills Computer Skills Continuous Improvement Literacy Skills	204	24-200	0	\$1,530	*\$13.12 - \$29.00
SET High Wage Job Number 3	MENU: Business Skills Commercial Skills Computer Skills Continuous Improvement Literacy Skills	107	24-200	0	\$1,746	*\$22.51 - \$29.00
Wages After 90-Day Retention						
<u>Occupation</u>						
Corporate Support Staff Managers Craftspeople						
<u>Health Benefits Used To Meet ETP Minimum Wage:</u>				<u>Turnover Rate</u>	<u>% Of Mgrs &amp; Supervisors To Be Trained:</u>	
* Health Benefits of up to \$3.02 per hour may be used for Job 1 and Job 2 trainees to meet the ETP minimum hourly rate of \$13.51 for Los Angeles County, the ETP minimum hourly rate of \$13.12 for Ventura County and for Job 3 trainees to meet the SET ETP minimum hourly rate of \$22.51.				5.5%	2%	
<u>Other Employee Benefits:</u>						
In addition to health, dental and vision, Irwin Industries, Inc. offers tuition reimbursement, life and disability insurance, vacation, holiday and sick pay.						

### **COMMENTS / ISSUES:**

#### ➤ ***Frontline Workers***

All participants in this project, except ten managers in Job Number 1, meet the Panel definition of frontline workers under Title 22 California Code of Regulations, Section 4400(ee).

#### ➤ ***Production During Training***

Irwin agrees that during ETP-funded training hours, trainees will not produce products or provide services which will ultimately be sold.

#### ➤ ***Safety Training***

Per Title 22 California Code of Regulations, Section 4420.5(c)(2), some occupations, by the very nature of the work, require intensive skills training in safety procedures. Funding for these and similar occupations would not be subject to the restrictions herein. Irwin's curriculum includes some safety training. The company's workers are engaged in oil/gas extraction which is an example of vocations skills training that would include a concentration of safety procedures. No OSHA or other government required safety training will be provided in this Agreement.

#### ➤ ***Training in High Unemployment Areas (HUA) of California***

Title 22 California Code of Regulations, Sections 4409(b) provides for a waiver of the state hourly wage requirement for frontline workers in a SET project, training in areas where the unemployment rate is significantly higher than the state average.

Irwin is requesting this waiver for training at the construction facilities in Paramount and Ventura. Based on the Employment Development Department figures for November 2006, these cities are recognized as High Unemployment Areas exceeding the state average unemployment by 25 percent or more. Thus, they qualify for a waiver of the state hourly wage (\$22.51) under SET. The ETP minimum wage for these areas would apply instead.

### **RECOMMENDATION:**

Staff recommends that the Panel approve this proposal to train Irwin employees in the skills needed to update its manufacturing technology, and improve customer service for current and proposed projects. Irwin is experiencing a large demand for construction, installation and maintenance of petroleum processing products. Given this growth mode, Irwin is implementing a Business Performance Program with training designed to improve customer satisfaction through employee accountability. The company expects to hire 500 employees throughout the term of the ETP-funded training project, in High Unemployment Areas of the state and staff recommends a wage waiver, for SET training in those areas.

**NARRATIVE:**

Robert Irwin founded Irwin Industries, Inc. in 1922. It is now a wholly owned subsidiary of Park Corporation of Cleveland Ohio. Irwin's key services include: Engineering & Design Services, Capital Project Construction, Plant Modifications, Contract Maintenance, Power Plant Construction and Maintenance, Instrumentation & Electrical, and Fabrication. The company provides turnkey capabilities for its growing list of industrial customers including Chevron, Exxon Mobil, Plains Exploration and Production (PXP), Paramount Petroleum, Southern California Edison, and British Petroleum Arco.

There have been no new refineries built in the United States (U.S.) since 1976 and Irwin representatives state it is unlikely this will change. This has put increasing pressure on existing facilities to meet the growing demand for petroleum products.

The Energy Information Administration (EIA) projects continued growth in demand for petroleum products at roughly 1.5% per year through 2020. Overall U.S. capacity has increased at existing sites in an effort to meet increasing product demand. In addition to increasing demand, petroleum producers are faced with ongoing challenges to produce cleaner burning petroleum products like gasoline, diesel fuel, home heating oil, and jet fuel. This increased growth and demand for cleaner burning petroleum products is creating a demand for Irwin's services at these refineries.

In addition to the increased demand for energy products there have been recent increases in regulating requirements. These changes require the construction of new processing units as well as ongoing maintenance. This has created numerous business opportunities for Irwin. As an example, Irwin was recently awarded a \$70 million contract to install cogeneration plants for Southern California Edison. Irwin representatives state that this contract will lead to an addition of an estimated 500 jobs throughout the term of this Agreement. The company is also becoming increasingly involved in oil and gas production projects as sustained high oil processes have prompted more drilling. In order for Irwin to be prepared to effectively bid on new business opportunities, the company must recruit and train sufficient skilled workers.

Given the large demand for construction and maintenance services, Irwin anticipates doubling its revenue between 2006 and 2010. To position the company for growth, Irwin needs to streamline its systems and processes and make additional investments in technology, employees, and training. One of the initiatives the company is implementing is a comprehensive Business Performance Program designed to improve customer satisfaction through employee accountability. To support this effort, the company is committed to expanding its training department to provide a wider range of education and development opportunities for its employees.

Irwin is in the process of developing an integrated document management system that will allow Irwin to more efficiently process, store, and retrieve information. The system will be further enhanced by the implementation of the company's Intranet portal, which will serve as a communication hub, linking the office and field staff, and eventually, its customers and vendors. The development and implementation of these new systems will require Irwin to provide extensive training to its employees to enable them to understand the concept and to effectively, utilize, manage, and maintain the system.

**NARRATIVE:** (continued)

For these reasons Irwin proposes the following skills training:

**Business Skills**

Frontline and management employees will receive supplemental business skills in areas such as communication skills, finance for non-financial personnel, estimating, scheduling, field accounting, and contract/client management.

**Commercial Skills**

Irwin commercial skills training for its frontline craftspeople workforce will include: soil excavation, construction inspection/execution, advanced rigging/hoisting/spotting, and equipment usage and calibration.

**Computer Skills**

Computer skills training for frontline and management staff such as: Primavera Project Management, document management system, intranet portal system, and Microsoft Project. In addition, the Company will provide desktop operating systems to ensure the workforce has the necessary skills to take full advantage of the integrated tools and functions of these new software systems.

**Continuous Improvement Skills**

Frontline and management workforce will receive training in continuous improvement skills aimed at moving the Company to a higher level of performance through time/organization/change management, defining and implementing business goals and objectives, conflict resolution/management, teambuilding, quality assurance/quality control, and leadership skills.

**Literacy Skills**

Literacy skills will be provided to trainees assessed by Irwin as needing to improve their literacy skills in Vocational English as a Second Language (VESL) including basic workplace technology, English verbal and written communication, grammar, writing, reading, and language comprehension skills to enhance the craftspeople's understanding and enable them to more efficiently accomplish their daily work duties. The Company has performed a needs assessment to determine specific need and level of instruction necessary for each trainee.

**Commitment to Training**

Irwin representatives state that ETP funding will not displace its ongoing investment in training.

Irwin delivers training in areas such as: new hire orientation, anti harassment, basic safety training, OSHA skills, basic job skills, personal finance and retirement planning, first aid training, defensive driving and voluntary training including CPR and personal development skills. In addition, Irwin will provide leadership training to its Executive staff during the term of the proposed Agreement at its own expense. Irwin will continue to provide this ongoing training during the term of the proposed ETP Agreement and beyond. The Company expects to invest approximately \$2.4 million in training for 2007/2008.

**SUBCONTRACTORS:**

Training Funding Partners (TFP) of Tustin, California will provide administrative services to Irwin in connections with this proposal. By contractual arrangement between Irwin and TFP, ETP funds will be used to pay for said services in the amount of \$81,669, not to exceed 11% of payment earned, whichever is less.

**THIRD PARTY SERVICES:**

Training Funding Partners of Tustin, California assisted Irwin in developing this proposal for a flat fee in the amount of \$45,000.

**IRWIN INDUSTRIES, INC.**

MENU CURRICULUM

Standard Class/Lab  
24-200 Hours

*Trainees will be provided any of the following:*

**BUSINESS SKILLS**

- Communication Skills
- Finance for Non Finance Personnel
- Project Management/Controls and Site Administration
- Estimating
- Scheduling
- Contract/Client Management
- Field Accounting
- Labor and Materials Procurement

**COMMERCIAL SKILLS**

- Excavation/Trenching/Shoring
- Construction Inspection/Execution
- Equipment Usage and Calibration
- Advanced Rigging/Hoisting/Spotting
- Exxon Mobile Site Specific Skills
- Pipefitter/Carpenter/Crane Operator Skills
- Forklift/Gradall/Roller/Scissor Lift/Manlift Training
- Irwin-defined Advanced Environmental Health and Safety Training
  - Process Safety Management
  - Fall Protection
  - Fresh Air/Supplied Air Monitor
  - Confined Space/Hole Watch
  - Exposure Hazards
  - Refinery Safety and Maintenance
  - Job Safety Analysis
  - Mine Safety and Health Administration

*(No OSHA or other government required safety training will be provided in this Agreement)*



**IRWIN INDUSTRIES, INC.**

MENU CURRICULUM (continued)

Standard Class/Lab

24 - 200 Hours

*Trainees will be provided any of the following:*

**Computer Skills**

- Primavera Project Management
- Microsoft Project
- Systems Applications
- Intranet Portal System
- Document Management System

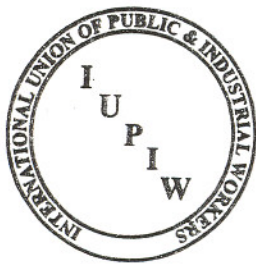
**Continuous Improvement Skills**

- Time/Organization/Change Management
- Conflict Resolution/Management
- Defining and Implementing Business Goals/Objectives
- Teambuilding
- Quality Assurance/Quality Control
- Leadership Skills

**Literacy Skills (less than 45% of total job skills training)**

- Vocational English as a Second Language (VESL)
  - Job specific words and phrases in construction terminology
  - English writing and communication skills
  - Completing Work Documents

<p><b><u>Comment:</u></b> The parties agree that the training identified in this Curriculum may be revised from time-to-time during the term of this Agreement at the request of Contractor and with the prior written approval of ETP. (See also Section 12 in this Agreement.)</p>
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# INTERNATIONAL UNION OF PUBLIC AND INDUSTRIAL WORKERS

October 19, 2006

To: Mr. Skip Protko  
Fax: 310-834-9402  
From: Will Hope  
Re: Training, Safety, and Crafts.

Dear Mr. Protko,

This letter is in appreciation of your Company (Irwin Industries) and its support efforts by providing and supplying craft, and safety, quality, computer and vocational English as second language training, to the members of the International Union of Public and Industrial Workers.

Should you have any questions with regard to the nature of this letter, please feel free to contact me at: 562-630-6232.

Sincerely,

William Hope  
Senior International Representative

PC: George Beltz